

**ATTENTION: Before the PBGC assumes your employee pension plan, please read this document.**

When you inform employees of the potential termination and trusteeship of their pension through the Pension Benefit Guaranty Corporation (PBGC), employees must make many important, time sensitive decisions. Don't let them overlook the IRS Health Coverage Tax Credit (HCTC), an important health benefit.

**What is the HCTC**

The HCTC is a federal tax credit that pays 65 percent of qualified health plan premiums for eligible individuals. Your employees, as well as their spouses and dependents, may be eligible to take advantage of the HCTC.

**Who is Eligible for the HCTC?**

Two groups of individuals are potentially eligible for the HCTC. They include individuals who are receiving:

- Pension Benefit Guaranty Corporation (PBGC) pension benefit payments who are between the ages of 55 and 65 and are not eligible for Medicare.
- Certain Trade Adjustment Assistance (TAA) or Alternative Trade Adjustment Assistance (ATAA) benefits.

**How can you help your employees?**

It may take several months for the PBGC to assume and trustee a company's pension plan and verify all relevant personnel records. Employees can not register for the HCTC until they begin receiving PBGC payments. Additionally, the processing time required for HCTC enrollment can take four to six weeks.

*During this time employees should research and enroll in an HCTC qualified health plan.*

Employees are more likely to benefit from the HCTC Program and maintain their health coverage if employers:

- Provide information to employees on qualified health plan options. (see below)
- Work with the PBGC to add HCTC Program information to your pension communications. This will ensure that your employees have timely and consistent information on the HCTC.
- Encourage COBRA Health Plan Administrators (HPAs) to register with the HCTC Program to ensure employees maintain continuous health coverage. COBRA HPAs must register to receive payments from the HCTC Program by contacting the HCTC Customer Contact Center (CCC) at **866.628.4282 (HCTC)**, (TDD/TTY 866.626.9282) for an enrollment kit.\*

**What Health Plans are Qualified for the HCTC?**

Individuals must be enrolled in a qualified health plan to claim the tax credit. **Only certain health plans qualify for the HCTC including:**

- **State-Qualified Health Plan** (for a complete listing visit, [www.irs.gov](http://www.irs.gov), IRS Keyword: HCTC)
- **COBRA** Continuation Coverage
- **Spousal Coverage**, where the spouse's employer pays for less than 50 percent of the health plan premium
- **Individual (Non-Group) Coverage** that began at least 30 days before the individual retired from the company that was trusted by the PBGC.

**To learn more about the HCTC Program, please visit us at [www.irs.gov](http://www.irs.gov), IRS Keyword: HCTC.**

\*The HPA Guide details the requirements and steps for an HPA to enroll with the HCTC Program.  
View the HPA Guide online at [www.irs.gov](http://www.irs.gov).